Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of:	)	
	)	
Amendment of Section 74.1231(i) of the Commission's Rules on FM Broadcast Booster Stations	)))	MB Docket No. 20-401
	)	
Modernization of Media Initiative	)	MB Docket No. 17-105
	)	
Amendment of Section 74.1231(i) of the Commission's Rules on FM Broadcast Booster Stations	)))	RM-11854
	)	

COMMENTS OF
URBAN ONE, INC., DAVIS BROADCASTING INC.,
OHANA MEDIA GROUP, LLC, AND RIVERFRONT BROADCASTING LLC

I. INTRODUCTION

The undersigned radio broadcast station groups[1] submit these comments in response to the Commission's Notice of Proposed Rulemaking proposing rule changes to allow FM broadcasters to use FM booster stations to air geo-targeted content.[2] For the reasons discussed below, we oppose these changes.

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[1] The undersigned are minority and women owned companies and the licensees of radio stations throughout the United States. Urban One, Inc. is the largest radio broadcaster serving black listeners in several mostly urban markets. Davis Broadcasting Inc., was founded as a 100% minority owned company. Ohana Media Group, LLC is a woman and minority owned company. Riverfront Broadcasting LLC is a woman owned company.

[2] *Amendment of Section74.1231(i) of the Commission's Rules on FM Broadcast Booster Stations*, Notice of Proposed Rulemaking, MB Docket No. 20-241, FCC No. 20-166 (rel. Dec. 1, 2020) (NPRM).

We commend the Commission for its commitment to finding ways to increase business and ownership opportunities for minorities and women in the media industry, and in particular in the radio industry. A media ecosystem that more fully reflects the diversity of America is one that better serves the public interest. We particularly appreciate the leadership and interest Commissioner Starks has shown on this issue, and we look forward to continuing to find meaningful opportunities to work with the Commission and others to foster increased minority and female ownership.

Ultimately, attracting more minority and female ownership in the radio industry will require ensuring that the radio industry continues to represent an attractive opportunity for diverse investors. For this reason, while some of the undersigned were initially supportive of the ideas set forth in the Commission's NPRM, as we have had more time to consider the potential ramifications of these proposals, we have growing concerns that this proposal might have significant unintended negative consequences to our diversity initiatives. In particular, we fear the adoption of geo-targeted technology adopted within the radio industry operation will only result to drive down advertising revenues necessary for stations to thrive and continue to serve their communities. This comes precisely at a time when the radio industry is already under significant pressure from new advertising competitors and the ongoing stresses of the novel coronavirus pandemic. For this reason, while we applaud the Commission for its interest in increasing opportunities for diverse broadcasters, we respectfully ask the Commission not to adopt the proposed changes set forth in the NPRM.

II. GEO-TARGETED CONTENT COULD HAVE THE UNINTENDED CONSEQUENCE OF UNDERMINING SMALL AND DIVERSE RADIO STATIONS

The Commission seeks comment on whether geo-targeted content could increase ownership opportunities for underrepresented and diverse station owners in the FM service including, for example, by improving their ability to increase revenue.[3] The Commission's goals are laudable, and we appreciate the Commission's interest and its recognition that these goals ultimately turn on how stations can best thrive in a challenging environment.

Unfortunately, the more time we have had to consider the proposals at issue in this proceeding, the more concerned we have grown that these proposals will have the entirely unintended consequence of undermining local radio stations including, and perhaps especially, those owned by minorities and women. The continued dilution and additional splitting of ad revenues is at the crux of this argument. It simply doesn't make sense that this type of technology will do anything to augment or create more revenue but rather further slice up the current pie which currently does not support new entrants with a viable and competitive business opportunity.

Our primary concern is that the Commission's proposals may have the unanticipated effect of lowering radio advertising revenues rather than increasing them. This would harm *all* radio station owners – including women and minority owners. The proponent of this change, GeoBroadcast Solutions LLC (GeoBroadcast) appears to focus on how its technology could provide attractive new advertising opportunities – but it does not appear to adequately consider the incentives of existing advertisers to take advantage of a new ability to drive down rates.[4]

Consider the example of a radio market that has a distinct core of more affluent listeners located in one geographic area in the market. Advertisers could well reason that these more affluent listeners represent a more efficient use of adverting dollars and could rationally choose only to advertise to these listeners. Because these advertisers would be targeting only a portion of the market, they would demand a lower rate – which would result in lower station revenues.

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[3] NPRM at ¶ 29.

[4] *See* Petition for Rulemaking of GeoBroadcast Solutions LLC, RM-11854 (filed March 13, 2020).

Arguably this type of rule change would not only lower revenues but actually create yet another barrier to female and minority opportunities.

GeoBroadcast presumably believes these lost revenues would be offset by new opportunities to target advertising to other areas in the market. But this is speculative at best and history tells us that additional technology to more specifically target consumers doesn't lend to an increase in advertising revenue on the whole. It simply may not be the case that new or existing advertisers would choose to air new ads targeted at the less affluent portions of the market, rather than direct additional advertising dollars towards radio's competitors, such as social media, that can also target more affluent potential customers.

While it may seem counterintuitive to suggest that an improved ability to target segments of an audience could actually drive down total revenues, in the real world radio stations do not operate in a vacuum; they operate in an increasingly challenging advertising environment with competitors who are able to target audiences with much more surgical precision than merely geographic location. Allowing advertisers to target only the portions of a market they find desirable could thus have the perverse effect of lowering total revenues – and it is total revenue, not perceived advertising efficiency, that drives station success.

Further, advertisers could seek to use this technology to lower rates across the board, by using the leverage of the lower rates one station offers through geo-targeting against a station that has not chosen to adopt this technology. Under such a scenario, the non-adopting station would feel pressure to match that lower rate even though it would *not* have the same opportunity to make up lost revenue by geo-targeting new ads in other areas.

For this very reason, we are not reassured by the proposal that this technology would be voluntary for FM stations.[5] Once one station in a given market adopts the technology, other stations may be forced to compete with lower rates that are not sustainable for non-adopting stations.

We fear that, at best, GeoBroadcast's proposal would lead to stations in a given market simply cannibalizing one another's revenue rather than increasing the total advertising spend in that market. At worse, it could force stations into a downward spiral as they seek to undercut one another to remain competitive. Rather than introducing new advertising opportunities, then, GeoBroadcast may be introducing new competitive pressures that FM stations would not otherwise face.

Separately, we are concerned that the ability to geo-target content may provide larger stations with a new and unjustified competitive advantage against smaller stations, including minority or women owned stations. Larger stations may be better able to take advantage of the potential opportunities geo-targeting can offer based on larger sales staffs that would be needed to offer multiple sets of geo-targeted ads airing at the same time in the same market. Larger stations may also have operating budgets that will allow them to absorb the cost of an unproven technology before the business implications of that technology are fully understood.

The Commission seeks comment on whether the potential availability of vendor financing might mitigate these concerns and increase the likelihood that small and diverse station groups could gain access to this technology.[6] We do not believe this would work as intended in practice. The reality is that the Commission cannot enforce a requirement for non-discriminatory vendor

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[5] NPRM at ¶ 30.

[6] *Id.*

financing on terms that do not introduce significant risk for smaller stations. We are particularly concerned by the potential implications for smaller, minority, or women owned stations of financing on terms offered by a single vendor with an exclusive and proprietary technology that is seeking to capture market share. Terms that may initially seem favorable while GeoBroadcast seeks to gain a foothold in the market could quickly become onerous if stations are essentially forced to adopt this technology through rate pressure, as discussed above. We are concerned that the Commission is setting the stage for a potentially catastrophic market failure that it will have to unwind in a few years when a more complete picture of geo-targeting implementation is available.

III. CONCLUSION

Radio stations already face a challenging advertising environment due to the twin pressures of new competitors and an extended pandemic that continues to weigh on local businesses radio stations rely on for advertising dollars. We respectfully submit that this is not the time to consider proposals that could potentially exert even more downward pressure on the advertising revenue and continued dilution of share for all operations and negatively impact fundamental revenue that FM stations need to thrive. While we appreciate the Commission's interest in fostering opportunities for diverse FM owners, we do not believe the Commission's proposals will achieve that laudable goal. Accordingly, we oppose the proposed rule changes in this proceeding.

Respectfully submitted,

/s/

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Chief Executive Officer
Urban One, Inc.

/s/

Greg Davis
Vice President
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/s/

Trila Bumstead
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/s/

Carolyn Becker
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February 10, 2021